

Central Intelligence Agency



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DIRECTORATE OF INTELLIGENCE17 January 1985Hungary: Possible Leadership ChangesSUMMARY

On the eve of Hungarian Politburo member Ferenc Havasi's visit to the US, speculation is growing in Budapest about major leadership changes that will occur at the Hungarian Communist Party Congress in March. Some of these rumors claim that the 72-year old Kadar will retire completely or assume a less demanding post than First Secretary and play a senior statesman role. Barring a sudden decline in his health, we believe Kadar will continue as party chief but realign the leadership in a way that will set the stage for the grooming of his successor. None of his potential successors, including Havasi, would likely deviate much from the economic reforms and relatively relaxed political style that have been hallmarks of the Kadar regime since the late 1960s. But none would also have Kadar's experience, prestige, and shrewdness, and a new leader would have more difficulty withstanding any Soviet pressure to adopt more orthodox policies.

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State Dept. review completed

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## Introduction

For more than a year rumors have circulated that Kadar's poor health would soon end a chapter in Hungarian history that began after the 1956 uprising when Moscow installed him as First Secretary of the Hungarian Socialist Workers (Communist) Party. It is true that he has never enjoyed robust health since his imprisonment in the Stalinist jails in the early 1950s. Nevertheless, he maintains an active schedule that included two foreign visits last year. The US Ambassador described Kadar as fit for a man of his age when he met with him last autumn.

But Budapest thrives on political gossip, and the decibel level goes up as we approach the party congress. During the months preceding the congresses in 1975 and 1980, Budapest was rife with speculation about Kadar's departure and other leadership changes. Some of it, as now, probably originated with people trying to breathe life into their personal ambitions. But time has made Kadar's succession a live issue and there is reason to believe, as some reports indicate, that Kadar wants to address it in a sensible, orderly fashion before his health deteriorates. This memorandum examines the likelihood of change and assesses its potential impact on Hungary.

## Kadar's Options

Elevation to a senior statesman's role might appeal to Kadar as a means to preside over a smooth transition of power and secure his political legacy and place in Hungarian history. Kadar would not be the first East European leader to take such a step. More than a decade ago Yugoslavia's Tito, then in his mid-70s, created a collective party executive and took on a less demanding supervisory role.

Kadar also might opt for a party presidency as a way to concentrate his energies on guiding Hungary through particularly difficult times. The government must carefully balance the new economic reform program, replete with uncertainty and decentralization, with the need for central management of resources to improve external performance and the balance of payments picture. Meanwhile, the heavy foreign debt repayment schedule and continuing dependence on imported energy and other raw materials render the Hungarian economy extremely vulnerable to external shocks. At the same time, the changes in the Kremlin's geriatric leadership--and the potential for more--have injected an air of uncertainty into Budapest's relations with Moscow.

In our view the assumption of a senior statesman's role would also have serious drawbacks for Kadar. It would not be easy for a man long accustomed to holding the reins of power to step back from the arena of daily politics. In addition, the Hungarian Party chief might be wary of any new arrangement in

which a designated heir apparent could threaten his authority. We suspect Kadar would prefer to avoid these pitfalls. The guidelines for the party congress recently published by the Central Committee give no hint of coming changes in the party's structure or statutes that probably would be required to create a new position for him. [redacted]

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Kadar may choose instead to retain the First Secretaryship and move more slowly toward a transition. Last month a senior Hungarian official informed the US Ambassador that Kadar was engineering a series of high-level personnel changes, and a variety of reports indicate that several elderly, ailing, or ineffective top party and government officials will be replaced by younger, more technically competent men. [redacted]

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[redacted] At least some of the predicted changes, including the retirement of Premier Lazar, whose deteriorating health forced him to cancel a trip to Japan in October, appear likely. [redacted]

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### The Contenders

[redacted] today's leading contenders to succeed Kadar include Ferenc Havasi (55) and Karoly Nemeth (64), who are both Politburo members and party secretaries, Politburo member Laszlo Marothy (42), and party secretary for international affairs Matyas Szuros (51). As party secretary for economic affairs, Havasi is closely associated with the economic reform program, which has long been the focal point of Hungarian politics. On the negative side, he has relatively little experience in other policy areas. Some reports indicate that Kadar might tap him as Premier Lazar's replacement. [redacted]

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Nemeth has been the number-two man in the party for more than a decade. Moreover, his long tenure as secretary for cadre affairs has given him the opportunity to build a network of supporters throughout the party bureaucracy. He appears to lack, however, the stamina and verve demanded of a party leader, and reporting from a number of sources disparages him as unimaginative and of limited intellect. [redacted]

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A series of reports during the last two years has touted Marothy, an ambitious politician who won a Politburo seat at age 38, as Kadar's favorite for the succession. Marothy, however, suffered an apparent demotion last month when he lost his job as head of the Budapest party organization and was appointed to the lesser post of one of several deputy premiers. While he is a dark horse candidate to replace Premier Lazar, we believe that Marothy's chances to win the party leadership in the near future have been seriously damaged but that at his age he has plenty of time to recover. [redacted]

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Szuros, whose future appears to be bright, may gain a

Politburo seat at the party congress. A former ambassador to Moscow and East Berlin, he has spent his entire career as a foreign affairs specialist and only gained his party secretary position a year ago. He appears to enjoy Kadar's favor, but he now seems too junior and too inexperienced to be a serious contender for the party's highest office. [REDACTED]

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Kadar's successor must, of course, have Moscow's blessing. Since Chernenko came to power, the Kremlin has shown little enthusiasm for Hungarian economic policy, which could reduce Havasi's chances. Szuros could also encounter difficulty in securing Soviet favor. During the last year and a half, he has written several public statements asserting the primacy of Hungarian national interests over responsibilities to the Soviet bloc. In late 1983 Moscow reportedly pressed Kadar to reprimand him for excessively pro-Western leanings. Another change in the Soviet leadership, however, could again affect Moscow's attitude toward potential replacements for Kadar. Party secretary Gorbachev, for example, is rumored to be more favorably inclined toward Hungarian economic reform. [REDACTED]

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#### The Impact of Leadership Change

We do not expect that any of Kadar's potential heirs would place Hungary on a radically different course. Kadar has used his long tenure in office gradually to eliminate opponents from leadership posts. Consequently, all of the leading succession candidates are loyal Kadar lieutenants who seem to share his basic views and who are closely associated with his policies. More importantly, none of the contenders is likely to reverse policies that have made the Kadar regime one of East Europe's most successful and popular governments. [REDACTED]

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On the other hand, Kadar has proven extremely adept at gauging the level of Soviet tolerance for Hungarian political and economic liberalism. Not only does he enjoy high prestige as the Warsaw Pact's senior statesman, but he also seems to have Moscow's trust and forbearance as the man whose controversial policies rebuilt Communist rule in Hungary after the 1956 catastrophe. A less experienced and less effective successor will be less able to protect the Hungarian experiment against any Soviet pressure for a return to orthodoxy. [REDACTED]

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